

Info Sheet

Payroll Taxes

Theme 4: What Is Taxed and Why Lesson 3: Income Tax Facts

Under the “pay-as-you-earn” tax system, employers withhold taxes from employees’ paychecks throughout the year and send the money to the IRS, as well as to any state or city tax agencies. Here are some examples of paycheck stubs that show how different taxes are withheld. The employees work in different states. Note that pay stubs also can show employees’ contributions for insurance and savings programs.

EXAMPLE 1					
EARNINGS	HOURS	AMOUNT	DEDUCTION	CURRENT	YEAR TO DATE
Regular	70.00	846.16	FICA Tax	69.06	494.17
Overtime	14.75	267.57	Medicare Tax	16.15	115.58
Total	84.75	1,113.73	Federal Tax	116.17	880.89
			NY State Tax	52.40	347.68
			NY City Tax	27.05	183.34
			Disability	1.20	9.60
			LTD	1.00	
Year to Date Gross		\$7,970.53	Total	\$283.03	
			Net Pay	\$830.70	

EXAMPLE 2						
EARNINGS	HOURS	AMOUNT	YTD	DEDUCTION	AMOUNT	YTD
Regular	40.00	554.00	7,645.20	Federal W/H	72.95	1,054.81
Overtime	6.00	124.65	415.50	FICA	42.08	545.80
Holiday	.00	.00	271.60	MEDICARE	9.84	127.65
Sick Pay	.00	.00	110.80	E.I.C.	.00	3.05
Bonus	.00	.00	249.32	WI State W/H	42.34	505.83
Vacation Pay	.00	.00	110.80	Health Insurance	60.00	480.00
				Credit Union	100.00	1,500.00
GROSS EARNINGS		\$678.65	\$8,803.22	TOTAL DEDUCT	327.21	4,217.14
NET EARNINGS		\$351.44		ALLOCATED TIPS	.00	128.53

EXAMPLE 3						
EARNINGS	HRS/UNIT	CURRENT AMOUNT	YEAR TO DATE	DEDUCTION	CURRENT AMOUNT	YEAR TO DATE
SALARY	75.00	1,007.31	23,961.12	FICA	62.45	1,576.94
OVERTIME 1		0.00	0.00	FEDERAL W/H	154.16	3,823.59
OVERTIME 2		0.00	0.00	INDIANA	34.25	864.89
MISC. #3		0.00	1475.00	MONROE CO.	10.07	242.35
				MEDICARE	14.61	368.83
26,190.00 PAY RATE	1,007.31 CURRENT EARNINGS	275.54 CURRENT DEDUCTIONS	731.77 NET PAY	25,436.12 YTD EARNINGS	6,876.60 YTD DEDUCTIONS	18,559.52 YTD DEDUCTIONS